



NEWS RELEASE

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PRESIDENT'S YEAR 2000 BUDGET FOR SBA FUNDS RECORD SMALL BUSINESS ASSISTANCE

WASHINGTON – President Clinton's FY 2000 budget proposal for the U.S. Small Business Administration (SBA) would fund record levels of loan and venture capital assistance and expand the agency's capacity for technical assistance to America's small businesses next year, SBA Administrator Aida Alvarez announced today.

"President Clinton's budget will help small businesses succeed into the 21st century," said Administrator Alvarez. "It shows that the Clinton-Gore Administration recognizes that small business is the engine of our economic growth. It demonstrates their commitment to small business owners, and to a cutting-edge SBA as the way to support and assist them."

"The President's budget will help open doors of economic opportunity for individuals and communities in 'New Markets,' so that all Americans can make use of our services and support. In short, this budget provides the resources and programs we need to carry out SBA's mission: providing opportunities for all Americans who have the desire, capability and interest in starting, building and growing their own businesses into the 21st century."

The total new budget authority proposed for the SBA is \$994.5 million, including \$761.5 million in regular appropriations and \$233.0 million as contingent/emergency appropriations to support the disaster loan program. This compares to \$820 million appropriated by the Congress for FY 1999, which included \$101.0 million as contingent/emergency appropriations for the disaster loan program.

"The President's commitment to investing in this most vibrant sector of the American economy will pay dividends to the American people for years to come," Administrator Alvarez said. "Some of our national name brand 'success stories' include America OnLine, Outback Steakhouse, Federal Express, Office Depot, Intel, Gymboree, Nike, Tom's of Maine, and Ben & Jerry's. Each of these companies benefited from SBA-backed financial assistance at a crucial stage in its development. One measure of the success of our investments in small business is that Intel alone contributes more in tax revenue each year than SBA's entire budget."

The President's budget proposal would allow for record-setting levels of financial assistance in FY 2000, with program levels of \$14.1 billion for SBA-backed lending under the 7(a), 504 and Microloan programs, and \$2.4 billion for equity assistance under the Small Business Investment Company (SBIC) programs.

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It also provides funds for several of President Clinton's key initiatives, including the New Markets initiatives, which are designed to increase access to lending, equity capital, and technical assistance to women, minorities and the residents of distressed rural and urban areas. It also provides for nearly doubling the number of lenders in the Microloan program.

The proposal will allow SBA to continue its modernization efforts, developing state-of-the-art risk management and internal control systems.

Specifically, the budget includes:

- \$10.5 billion for SBA-guaranteed loans under the 7(a) General Business Loan Guaranty program;
- \$3.5 billion in SBA-backed loans under the 504 Certified Development Company program;
- \$60 million in direct loans and \$16 million in loan guarantees under the Microloan program, and an expansion to nearly double the number of existing Microlenders;
- \$2.4 billion in equity assistance under the Small Business Investment Company (SBIC) programs, including \$100 million for New Market Venture Capital Companies.
- \$1.7 billion in surety bonding;
- \$934 million in loans for disaster victims;
- \$87.6 million for targeted management and technical assistance, including:
 - \$32 million for microloan borrowers;
 - \$30 million for New Market Venture Capital program participants;
 - \$10 million for an expansion of the One-Stop Capital Shop network;
 - \$9 million to support an expanded women's business center network;
 - \$5 million for the Section 7(j) technical assistance program;
 - \$1 million for Native American outreach;
 - \$615,000 for Veteran outreach;
- \$62 million for Small Business Development Centers, along with granting them the authority to charge nominal fees for business counseling services;
- \$3.5 million for the Service Corps of Retired Executives (SCORE);
- \$700,000 for Business Information Centers;
- \$6.5 million for increased small business procurement, including:
 - \$500,000 for SBA's PRO-Net system;
 - \$2 million for increasing small business capacity to use electronic commerce;
 - \$4 million for HUBZones;
- \$3.1 million for U.S. Export Assistance Centers; and
- \$3 million for BusinessLINC—a new initiative to link large and small businesses in mentoring and direct technical assistance relationships;
- \$1.4 million for SBA's Office of Advocacy;
- \$11 million for the Office of the Inspector General.

For more detailed information on the President's proposed budget for the SBA, please visit the SBA's extensive website at www.sba.gov.

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